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AZ CORP COMMISSION
DOCKET CONTROL

November 19, 2007

Arizona Corporation Commission
DOCKETED

NOV 19 2007

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007-2927

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Re: Response to Staff Report dated November 9, 2007 – Yavapai Mobile Home Estates (Docket Nos. W-02065A-07-0308, W-02065A-07-0309 & W-02065A-07-0311)

Please accept the following as Wilhoit Water Company's response to the Staff Report dated November 9, 2007.

1. Rate Case –
The company does not agree with the analysis compiled by Staff that results in a recommendation of lower water rates.
2. Financing -
The company does not agree with Staff on the denial of requested refinancing of \$10,000 in existing debt.

Staff recommends authorization of an arsenic cost recovery mechanism (ACRM) to pay for the costs of an arsenic remediation equipment that has been install for the system. Staff did not include additional costs that have been provided to the company which were part of the installation of the equipment. In addition, recent unforeseen events may add addition costs to complete the installation and regulatory approvals of the arsenic equipment that also should be included in the ACRM.
3. Plant in Service –
Staff recommended an adjustment of \$10,000 for a well dug in 1997 that could not be documented with invoices. The subject well has been in service since 1997 and was physically observed by Staff.

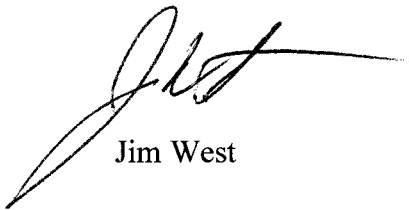
365 East Coronado
Suite 200
Phoenix, AZ 85004
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Staff recommended an adjustment of \$11,040 for a well dug in 2005 that has been capped and is not in service. That well was dug in an effort to provide water that met new arsenic level standards. It was dug in a location near other wells that had demonstrated low arsenic levels. It was a prudent and financially responsible effort on the part of the company to attempt to resolve a difficult issue.

Staff recommended an adjustment of \$5,000 for a pump for the above described well that was put in service in 1997 that could not be documented with invoices. The subject pump has been operating since it was put in service 10 years ago.

Staff recommended an adjustment of \$9,600 for a storage tank that was put in service in 2005 that could not be documented with invoices. The storage tank was installed in 2003. It has been in service since that time and was physically observed by Staff.

Sincerely,

A handwritten signature in black ink, appearing to read 'J West', with a long horizontal flourish extending to the right.

Jim West